

BLUE CRANE ROUTE MUNICIPALITY
FINANCIAL STATEMENTS

30 JUNE 2004

BLUE CRANE ROUTE MUNICIPALITY

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BLUE CRANE ROUTE MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF BLUE CRANE ROUTE MUNICIPALITY

Councillor MC Mjadu	Mayor
Councillor ME Doro	Deputy Mayor
Councillor JF Froehlich	
Councillor KC Brown	
Councillor WH Brown	
Councillor NO Memese	
Councillor VA Ngcipe	
Councillor G Fillis	
Councillor TJ Hermanus	
Councillor ST Mjekula	

GRADING OF LOCAL AUTHORITY

Grade 6

AUDITORS

Auditor General

BANKERS

ABSA Bank Limited

REGISTERED OFFICE

67 Nojoli Street Somerset East 5850	PO Box 21 Somerset East 5850	Telephone : (042) 243 1333 Fax: (042) 243 1548
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CHIEF EXECUTIVE OFFICER / MUNICIPAL MANAGER

DO Claassen

FINANCIAL MANAGER

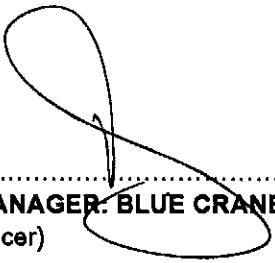
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BLUE CRANE ROUTE MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 8 to 26 were approved by the
Municipal Manager on ...20 October 2004.... and presented to and approved by Council
on ...21 October 2004.

.....
MUNICIPAL MANAGER: BLUE CRANE ROUTE MUNICIPALITY
(Accounting Officer)



.....
FINANCIAL MANAGER: BLUE CRANE ROUTE MUNICIPALITY


BLUE CRANE ROUTE MUNICIPALITY

FOREWORD

I have pleasure in presenting the Annual Financial Statements which are subject to audit, for the year ended 30 June 2004.

The major challenge to the Blue Crane Route Municipality is to meet the needs and requirements of those in the previously disadvantaged areas whilst at the same time ensuring that the infrastructure in the established areas is not neglected.

This I believe can only be achieved through hard work by Councillors and Officials, tolerance of our community and ensured payment of municipal services.

I am proud to report that we have managed to reverse the trend in negative operating results by showing a net surplus for the year. This has been achieved despite the difficult economic climate in the province and the country. It is our objective and we remain committed to achieve a level of service delivery which is satisfactory to all our citizens and at the same time to ensure financial viability.

I wish to express my appreciation to the Councillors, the Municipal Manager and his staff for their support, co-operation and hard work during the past year.



.....
M. C. MJADU
MAYOR: BLUE CRANE ROUTE MUNICIPALITY

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING OFFICER'S REPORT

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. the overall operating results for the year ended 30 June 2004 are as follows:

	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %	Actual 2003 R	Budget 2003 R	Variance Actual - Budget %
Income:						
Opening surplus/(deficit)	(12,467,351)			(11,296,583)		
Operating Income for the year	43,826,363	43,700,000	-0.29	36,465,358	36,144,352	0.89
	31,359,012	43,700,000		25,168,775	36,144,352	
Expenditure						
Operating expenditure for the year	(42,270,763)	(43,700,000)	3.27	(37,636,125)	(36,144,352)	4.13
Contributions to approved funds						
Sundry Transfers	3,283,680			-		
Closing surplus/(deficit)	(7,628,071)			(12,467,351)		
	-	-		-	-	

Reasons for significant variances
 Variances considered insignificant

1.1 Rates and General Services

	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %	Actual 2003 R	Budget 2003 R	Variance Actual - Budget %
Income	20,010,035	19,442,950	-2.92	15,279,511	14,994,192	1.90
Expenditure	(25,231,790)	(26,225,911)	3.79	(22,022,286)	(22,204,043)	0.82
Surplus/(deficit)	(5,221,755)	(6,782,961)		(6,742,775)	(7,209,851)	
Surplus/(deficit) as % of total income	12	16		18	20	

Reasons for significant variances
 Variances considered insignificant

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING OFFICER'S REPORT (Continued)

1.2 Housing Services

	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %	Actual 2003 R	Budget 2003 R	Variance Actual - Budget %
Income	-	-	-	-	-	-
Expenditure	-	-	-	-	-	-
Surplus/(deficit)	-	-	-	-	-	-
Surplus/(deficit) as % of total income	-	-	-	-	-	-

1.2 Trading Services

The following is a summary of the operating results of the local authority's Trading Services:

Electricity Service

	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %	Actual 2003 R	Budget 2003 R	Variance Actual - Budget %
Income	19,295,545	19,302,520	0.04	17,456,935	16,432,810	6.23
Expenditure	(15,176,908)	(15,257,878)	-0.53	(13,423,643)	(12,055,897)	11.35
Surplus/(deficit)	4,118,637	4,044,642		4,033,292	4,376,913	
Surplus/(deficit) as % total income	9	9		11	12	

Reasons for significant variances
 Variances considered insignificant

Water Service

	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %	Actual 2003 R	Budget 2003 R	Variance Actual - Budget %
Income	4,520,783	4,954,530	8.75	3,728,911	4,717,350	20.95
Expenditure	(1,862,065)	(2,216,211)	15.98	(1,961,231)	(1,884,415)	4.08
Surplus/(deficit)	2,658,718	2,738,319		1,767,680	2,832,935	
Surplus/(deficit) as % total income	6	6		5	8	

Reasons for significant variances
 The difference between actual and budgeted expenditure can be attributed to:
 Salaries, wages & allowances - vacancies budgeted for were not filled
 Bulk water purchases was also less than the budgeted amount.

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING OFFICER'S REPORT (Continued)

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R2,062,033 (R 3,947,069 in 2003)

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is included in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2004 amounted to R 15,539,949
(15,648,211 in 2003) as set out in appendix B.

Long term investments at 30 June 2004 amounted to R1,288,614 (R1,288,614 in 2003)

Short term investments and cash on hand at 30 June 2004 amounted to R499,832
(R 4,089,935 in 2003).

More information regarding loans and investments are disclosed in the notes (4 and 7) and appendix B to the financial statements.

4. FUNDS AND RESERVES

More Information regarding funds and reserves are disclosed in the notes (1-3) and appendix A to the financial statements.

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING OFFICER'S REPORT (Continued)

5. EXPRESSION OF APPRECIATION

I am grateful to the Mayor,Councillors and to the municipal staff for their assistance
and support during the year.

MUNICIPAL MANAGER- BLUE CRANE ROUTE MUNICIPALITY

(Accounting Officer)

BLUE CRANE ROUTE MUNICIPALITY

ACCOUNTING POLICIES

1. Basis of preparation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants and its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
 - * Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licences.
 - * Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rates and General Services, Trading Services and the different funds and reserves. All inter-departmental charges are set off against each other with the exception of assessment rates, refuse removal, sewerage, electricity and water which are treated as income and expenditure in the respective departments.

3. Fixed assets

- 3.1 Fixed assets are stated at historical cost or at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated useful life as determined by the Treasurer.

3.2 Depreciation

The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the financial statements is tantamount to a provision for depreciation, however certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

- * Appropriations from operating income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.

BLUE CRANE ROUTE MUNICIPALITY ACCOUNTING POLICIES (continued)

- * Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.
- 3.3 All net proceeds from the sale of fixed property are credited to the Revolving Fund.
- 3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4. Inventory

Inventory is valued at the lower of cost or net realisable value.

5. Funds and reserves

5.1 Revolving fund

The fund requires a minimum contribution of 7.5 % of the product of the assessment rates that were levied for the immediately preceding financial year. It is not required from Council to contribute an amount that is 20% more than the amount required to be contributed in the immediately preceding financial year.

Net proceeds from the sale of fixed property are invested in the Revolving Fund. Funds accumulated in the Revolving Fund are utilised for the purpose of providing advances to borrowing services and to finance the acquisition or upgrading of land or fixed property.

5.2 Other funds and reserves

Other funds and reserves, which are disclosed in the notes (1 - 3) and appendix A to the financial statements, are built up either by appropriations made on an annual basis from the operating account to the relevant funds and reserves or from contributions received from the public and the State with the objective of providing community facilities and funds to finance bad debts.

6. Provisions

Provisions are created for liabilities or contingencies that are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

7. Retirement benefits

The Council and its employees contribute to various pension, provident and retirement funds. The larger funds include the SAMWU National Provident Fund, the Cape Joint Retirement Fund and the SALA Pension Fund.

BLUE CRANE ROUTE MUNICIPALITY

ACCOUNTING POLICIES (continued)

The retirement benefits are calculated in accordance with the rules of the respective funds. Current contributions by the Council are charged against operating income at the rate of a fixed percentage of the basic salary paid to employees.

Full actuarial valuations are performed at least every three years.

8. Surpluses and deficits

Any surpluses and deficits arising from the operation of the Electricity and Water Services are transferred to Rates and General Services.

9. Treatment of administration and other overhead expenses

The costs of internal support services are transferred to the different services in accordance with the IMTA's Report on Accounting for Support Services (June 1990).

10. Leased assets

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

11. Investments

Investments are disclosed at the lower of cost or market value if a permanent decline in value has occurred and are invested on such conditions as the Minister may approve.

12. Deferred charges

The balance outstanding of the costs incurred in raising loans on the capital market are recovered from operating income over the periods of the various loans involved.

13. Income recognition

13.1 Electricity and water billings

All meters are read and billed monthly. Income is recognised when meters are read and the monthly levies debited to the respective consumer account. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read. With regard to prepayment electricity purchases, income is recognised at the date of purchase.

BLUE CRANE ROUTE MUNICIPALITY

ACCOUNTING POLICIES (continued)

13.2 Assessment rates

The local authority applies a uniform system of rating. In terms of this system the assessment rates are levied on the land value of property and improvements, at the same rate. Rebates of 20% and 30% are granted on state-owned properties and to owners of land in Clevedon respectively. Income is recognised when such levies are raised and debited to the respective ratepayer account.

13.3 Other income

Income from services such as refuse removal and sewerage, recovered by way of debtors, is recognised when such levies are raised and debited against the respective consumer account. Income from other sources is recognised when paid.

14. Provision for bad debts

14.1 Trade Debtors

A provision for bad debts has been provided for at year end for all trade balances where recoverability is in doubt.

BLUE CRANE ROUTE MUNICIPALITY
BALANCE SHEET AT 30 JUNE 2004

	Note	2004 R	2003 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		6,184,073	9,067,423
Statutory funds	1	6,172,073	9,055,423
Reserves	2	12,000	12,000
ACCUMULATED DEFICIT		(7,628,071)	(12,467,351)
		(1,443,998)	(3,499,928)
TRUST FUNDS	3	2,161,914	6,431,503
LONG TERM LIABILITIES	4	15,539,950	15,539,950
CONSUMER DEPOSITS: SERVICES	5	505,251	426,273
		16,763,117	18,097,798
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	11,739,158	11,845,426
INVESTMENTS	7	1,288,614	1,288,614
LONG-TERM DEBTORS	8	130,234	263,177
		13,158,006	13,397,211
NET CURRENT LIABILITIES		3,605,111	5,600,587
CURRENT ASSETS			
Accounts receivable	9	14,696,321	17,206,456
Cash on hand		13,550,241	12,452,976
Inventory	10	100,563	3,098,860
Short-term investments	7	575,619	618,763
Short-term portion of long-term debtors		399,269	990,085
		70,629	45,784
CURRENT LIABILITIES			
Accounts payable	11	11,091,210	11,605,871
Bank overdraft		4,381,809	6,426,066
Provisions	12	3,587,197	2,548,456
Short-term portion of long-term liabilities	4	3,122,204	2,525,088
		-	106,26
		16,763,117	18,997,798

CERTIFIED AS CORRECT
(Municipal Manager: Blue Crane Route Municipality)

BLUE CRANE ROUTE MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

BLUE CRANE ROUTE MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	NOTES	2004 R	2003 R
CASH RETAINED FROM OPERATING ACTIVITIES		(2,459,550)	5,856,754
Cash utilised in operations	18	(14,939,697)	(3,415,995)
Investment income		46,398	12,271
Increase in working capital	19	(2,314,186)	(2,046,314)
Less: External interest paid		(17,207,485)	(5,450,056)
Cash utilised in operations	16	(2,641,629)	(2,738,809)
Net proceeds on disposal of fixed assets		(19,849,114)	(5,238,947)
Cash contributions from the public and the State		44,123	
		17,345,441	14,095,001
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets	6	(2,062,033)	(3,947,068)
NETT CASH FLOW		<u>(4,521,583)</u>	<u>1,009,992</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease) in long-term liabilities	20	(106,261)	(200,369)
(Increase)/ decrease in cash on hand	21	4,627,844	(1,705,816)
Decrease in external cash investments		-	
NETT CASH UTILISED		<u>4,521,583</u>	<u>(1,005,885)</u>

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	2004 R	2003 R
1. STATUTORY FUNDS		
Revolving Fund	5,740,102	5,497,497
Housing Development Fund	431,971	290,544
Loan Redemption Fund	-	3,267,382
	<u><u>6,172,073</u></u>	<u><u>9,055,423</u></u>
(Refer to Appendix A for more detail)		
2. RESERVES		
Game Reserve	12,000	12,000
	<u><u>12,000</u></u>	<u><u>12,000</u></u>
3. TRUST FUNDS		
Dr WH Craib Fund	20,769	11,985
Blue Crane Development Forum Fund	-	941
Integrated Development Plan Fund	4,472	66,513
Skills Development Fund	29,563	29,563
Transitional Grant Fund	-	48,197
Zoning Map Fund	43,398	40,645
Pearston Small Farmers Association Fund	4,043	4,043
Construction of Sewer Reticulation Fund	-	8,218
313 Houses Fund	(283,232)	1,148,210
176 Houses Fund	-	3,168
1004 Houses Fund	-	45,521
8th Avenue Furrow Fund	-	346,879
Pearston Hall Refurbishment Fund	-	47,376
300 Houses Fund	620,070	2,116,808
Management Support Programme Fund	152,109	611,759
Additional Drug Allocation	636,935	636,935
Led Zama Trust	63,158	24,272
Water Treatment Plant	734,289	1,169,704
Electricity - Area Lighting	-	6,766
Environmental Impact Study Fund	63,000	63,000
Spatial Development Framework	<u><u>73,340</u></u>	<u><u>-</u></u>
	<u><u>2,161,914</u></u>	<u><u>6,431,503</u></u>
<u><u>Explanatory notes (Only those funds where it is considered necessary to elaborate on above)</u></u>		
Housing Funds - Local government funding to provide low cost housing for the community		
- The current year's over expenditure on the 313 houses fund is only temporary and reverse's in the following financial year.		
(Refer to Appendix A for more detail)		

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
4. LONG-TERM LIABILITIES		
Annuity loans	15,539,950	15,646,211
Less: Short-term portion transferred to current liabilities	15,539,950	15,646,211
	-	(106,261)
	<u>15,539,950</u>	<u>15,539,950</u>
(Refer to Appendix B for more detail)		
ANNUITY LOANS		
Carry interest at rates varying between 14,25% and 17,00% per annum and will be fully redeemed in 2016.		
The annuity loan of R15,532,314 is secured by a Promissory Note (Certificate Number TR1652). The investment has a guaranteed amount of R12,000,000 on the assumption that it is held to maturity. The investment matures in 2014.		
5. CONSUMER DEPOSITS:SERVICES		
Electricity and Water	505,251	426,273
	<u>505,251</u>	<u>426,273</u>
6. FIXED ASSETS		
Fixed assets at the beginning of the year	89,597,078	85,650,009
Capital expenditure during the year	2,062,033	3,947,069
Less: Assets written off,transferred or disposed during the year	-	-
Total fixed assets	<u>91,659,111</u>	<u>89,597,078</u>
Less: Loans redeemed and other capital receipts	(79,919,953)	(77,751,658)
	<u>11,739,158</u>	<u>11,845,420</u>
7. INVESTMENTS		
Unlisted		
Long-term deposits	1,288,614	1,288,614
Management's valuation of long-term deposits	<u>1,683,248</u>	<u>1,683,248</u>
Short-term deposits	399,269	990,085
Management's valuation of unlisted investments	<u>399,269</u>	<u>990,085</u>
Profit/(loss) on investment transactions	-	-
No investments have been written off during the year. Long-term deposits have been pledged as security for funding facilities of the council. The investment has a guaranteed amount of R12,000,000 on the assumption that it is held to maturity. The investment matures in 2014.		

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
8. LONG-TERM DEBTORS		
Other debtors	200,863	308,961
Less: Short-term portion transferred to current assets	<u>(70,629)</u>	<u>(45,784)</u>
	<u>130,234</u>	<u>263,177</u>
9. ACCOUNTS RECEIVABLE		
Trade Debtors	29,496,693	28,688,481
Less: Provision for bad debts	<u>(16,345,858)</u>	<u>(16,345,858)</u>
	<u>13,150,835</u>	<u>12,342,623</u>
Other Debtors	399,406	110,353
	<u>13,550,241</u>	<u>12,452,976</u>
10. INVENTORY		
Inventory represents consumable stores, raw materials, work-in progress and finished goods. Where necessary specific provision is made for obsolete inventory.	575,619	618,763
	<u>575,619</u>	<u>618,763</u>
11. ACCOUNTS PAYABLE		
Trade Creditors	4,381,809	6,252,115
Other Creditors	<u>173,950</u>	<u>6,426,066</u>
	<u>4,381,809</u>	<u>6,426,066</u>
12. PROVISIONS		
Audit fees	1,314,804	1,002,757
Leave pay	<u>1,807,400</u>	<u>1,522,331</u>
	<u>3,122,204</u>	<u>2,525,088</u>
13. ASSESSMENT RATES		
Site valuations as at 1 July: Residential, commercial, state and municipal	270,100,020	231,658,150
Actual income	<u>2,834,557</u>	<u>2,646,423</u>
The last general valuation came into effect on 1 July 2001.		
14. COUNCILLOR'S REMUNERATION		
Mayor's allowance	180,181	166,000
Deputy Mayor's allowance	40,431	37,592
Councillor's allowances	<u>320,988</u>	<u>300,732</u>
	<u>541,600</u>	<u>504,324</u>
15. AUDITOR'S REMUNERATION		
Audit fees - current year provision	442,622	361,443
	<u>442,622</u>	<u>361,443</u>

BLUE CRANE ROUTE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
16. FINANCE TRANSACTIONS		
Total external interest earned or paid:		
- Interest earned	33,862	-
- Interest paid	<u>2,641,629</u>	<u>2,788,809</u>
Capital charges debited to operating account:		
- Interest paid on external loans	2,641,629	2,788,809
- Interest paid on internal loans	-	-
- Redemption of external loans	106,262	200,869
- Redemption of internal loans	<u>2,747,891</u>	<u>2,989,678</u>
17. APPROPRIATIONS		
Appropriation account		
Accumulated (deficit) / at the beginning of the year	(12,467,351)	(11,296,583)
Operating surplus/ (deficit) for the year	1,555,600	(1,170,768)
Appropriations for the year:		
- Prior year adjustments	<u>3,283,680</u>	-
	<u>(7,628,071)</u>	<u>(12,467,351)</u>
Note: Prior year adjustments consist mainly of the write off of the loan redemption account amounting to R3,267,381.		
17. APPROPRIATIONS (continued)		
Operating account		
Capital expenditure	399,255	70,501
Contributions to:		
- Revolving Fund	198,482	206,058
- Loan Redemption Fund	<u>597,737</u>	<u>1,057,478</u>
	<u>597,737</u>	<u>1,334,037</u>

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
18. CASH UTILISED IN OPERATIONS		
(Deficit) / Surplus for the year	1,555,600	(1,170,768)
Adjustments in respect of :		
- Previous years' operating transactions	16,299	-
Appropriations charged against Income:	597,737	1,334,037
- Fixed assets	399,255	70,501
- Revolving Fund	198,482	206,058
- Loan Redemption Fund	-	1,057,478
Investment income (operating account)	(33,862)	-
Capital charges debited to operating account	2,747,891	2,989,678
Grants and subsidies received from the State	(9,112,983)	(5,099,671)
Non-operating expenditure debited to funds and reserves	<u>(10,710,379)</u>	<u>(1,469,272)</u>
	<u>(14,939,697)</u>	<u>(3,415,995)</u>
19. DECREASE/(INCREASE) IN WORKING CAPITAL		
(Increase) / decrease in accounts receivable, long-term debtors	(989,167)	(2,432,822)
Increase in accounts payable, consumer deposits	(1,965,279)	1,503
(Increase) in inventory	43,144	(64,271)
Increase in provisions	597,116	449,276
	<u>(2,314,186)</u>	<u>(2,046,314)</u>
20. (DECREASE)/ INCREASE IN LONG-TERM LIABILITIES		
Loans raised	-	-
Loans repaid	<u>(106,261)</u>	<u>(200,869)</u>
	<u>(106,261)</u>	<u>(200,869)</u>
21. DECREASE / (INCREASE) IN CASH ON HAND		
Cash balance at the beginning of the year	1,540,479	(168,337)
Less: Cash balance at the end of the year	<u>(3,087,365)</u>	<u>1,540,479</u>
	<u>4,627,844</u>	<u>(1,708,816)</u>
22. DECREASE / (INCREASE) IN EXTERNAL CASH INVESTMENTS		
Cash balance at the beginning of the year	1,288,614	1,288,614
Less: Cash balance at the end of the year	<u>(1,288,614)</u>	<u>(1,288,614)</u>
	<u>-</u>	<u>-</u>
23. RETIREMENT BENEFITS		
Somerset East Transitional Local Council and its employees contribute to various pension, provident and retirement funds.		
The larger funds include the SAMWU National Provident Fund and the Cape Joint Retirement Fund.		

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

The SAMWU National Provident Fund was fully funded as at the last actuarial valuation on 30 June 2001, which was conducted by Eric Potgieter of Fifth Quadrant Actuaries and Consultants (Pty) Ltd.

The Cape Joint Retirement Fund was fully funded as at the last actuarial valuation on 1 July 2001, which was conducted by David Klug of Momentum Life Limited.

24. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS

None

25. CAPITAL COMMITMENTS

None

BLUE CRANE ROUTE MUNICIPALITY

STATUTORY FUNDS, RESERVES AND TRUST FUNDS

	Contributions during year R	Interest on Investments R	Other Income R	Written off R	Operating expenditure during year R	Capital expenditure during year R	Balance at 30 June 2004 R
STATUTORY FUNDS							
Revolving Fund	5,497,497						5,740,102
Housing Development Fund	291,564						431,971
Loan Redemption Fund	3,267,382						-
	9,055,023						6,172,073
RESERVES							
Gamre Reserve	12,000						12,000
	12,000						12,000
TRUST FUNDS							
Dr WH Crab Fund	11,986						20,769
Blue Crane Development Forum Fund	941						-
Integrated Development Plan Fund	66,513						4,472
Skills Development Fund	22,463						29,563
Transitional Grant Fund	40,917						-
Zoning Map Fund	40,145						-
Construction of Sewer Rehabilitation Fund	8,218						43,398
Pearst Small Farmers Association	1,943						-
313 Houses Fund	3,461,631						4,043
176 Houses Fund	1,746,716						(283,232)
1004 Houses Fund	9,168						-
8th Avenue Furrow Fund	4,521						-
Pearston Hall Refurbishment Fund	341,819						-
300 Houses Fund	4,736						-
MSP Fund	2,116,908						620,070
Additional Drug Allocation	631,759						152,109
Led Zama Fund	639,935						636,935
Water Treatment Plant	24,772						63,158
Area Lighting Projects	1,169,704						734,289
Environmental Impact Study Fund	5,766						-
Spatial Development Framework	61,000						-
	95,000						1,082,332
	7,652,012						10,790,610
							1,082,332
	6,431,933						2,161,914

APPENDIX A

BLUE CRANE ROUTE MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	Interest Rate	Redeemable	Received during the year	Redeemed/ written off during year	Balance at 30 June 2004
			R	R	R
External Loans					
Annuity loans					
Development Bank of Southern Africa	17.00%	2014	11,739,159		11,739,159
Wesbank	18.90%	2004	38,282	(38,282)	-
Infrastructure Finance Corporation limited	15.50%	2004	67,999	(67,999)	-
			11,348,420		
Development Bank of Southern Africa (Capitalised Interest)			3,800,790		3,800,790
			15,326,210		15,326,210
INTERNAL LOANS					
Revolving Fund					
INTERNAL ADVANCES					
Outstanding advances to barrowing services			1,212,980	1,493,999	8,546,896
			1,212,980	1,493,999	8,546,896

APPENDIX B

BLUE CRANE ROUTE MUNICIPALITY

ANALYSIS OF FIXED ASSETS

Category	Description	Expenditure during year R	Expenditure during year R	Redeemed, transferred or written off during year R	Balance at 30-Jun-04 R
RATES AND GENERAL SERVICES		10,868,458	412,454	-	50,350,482
Community Services		7,439,436	365,340	-	40,333,108
Community Services ex Old Pearson TLC		14,909	14,909	2,340,834	143,551
IDP		14,909	14,909	2,000	84,553
Cemeteries		14,909	14,909	0	816,163
Dr N Nodiba Library		57,018	57,018	0	892,581
Bethenshoek and nature reserve		521,808	521,808	0	118,574
Clinics		6,423	6,423	788,173	5,447,427
Commonage and pound		1,921,000	1,921,000	278,412	27,954,507
Council's general expenses		1,132,000	1,132,000	0	1,308,468
Estate and Properties		3,613,230	3,613,230	62,928	84,058
Public works		189,442	189,442	0	412,509
Town Clerk, Secretary and Treasurer		68,132	68,132	0	29,567
Townhall administration		250	250	0	227,173
Traffic		15,423	15,423	0	0
Stores		0	0	0	0
Workshop		0	0	0	0
Subsidised services		1,614,568	1,614,568	0	2,987,082
Subsidised services ex Old Pearson TLC		88,859	88,859	0	63,782
Cemeteries		110,600	110,600	0	19,290
Fire brigade		805,208	805,208	0	42,822
Libraries		0	0	430,066	0
Parks and recreation		0	0	2,240,879	0
Economic services		2,444,454	2,444,454	0	7,126,291
Economic Services ex Old Pearson TLC		576,227	576,227	0	441,774
Refuse removal services		524,227	524,227	0	1,068,033
Sanitation and vacuum tank services		1,344,000	1,344,000	0	2,656,703
Sewerage services		50,114	50,114	0	2,850,781
HOUSING SERVICES		11,915,703	6,454,970	-	6,654,070
Townhall administration		11,015,703	11,015,703	0	2,083,048
Housing administration		0	0	4,571,022	0
TRADING SERVICES		23,245,979	32,964,460	1,649,579	34,654,559
Abatoir		16,251,825	16,251,825	470,486	255,869
Electricity supply		5,014,154	5,014,154	1,178,064	20,775,892
Water supply		0	0	0	13,622,986
TOTAL FIXED ASSETS		45,190,220	20,082,033	-	91,650,110
LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS					
Loans redeemed and advances repaid		7,650,444	7,650,444	0	0
Contributions from operating income		1,062,277	1,062,277	0	38,793,486
Grants and subsidies		0	0	1,983,912	0
Ex Funds		0	0	41,831,581	0
Public contributions		0	0	200,561	0
NET FIXED ASSETS				115,450	0
					11,739,158

APPENDIX C

BLUE CRANE ROUTE MUNICIPALITY

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2004

	2004 Budget R	2004 Actual R
INCOME		
Grants and Subsidies	9,112,983	9,391,450
Operating income	34,713,380	36,806,250
Assessment rates	2,834,557	3,035,650
Sale of electricity	19,295,545	18,744,720
Sale of water	4,520,783	4,842,780
Other service charges	8,062,495	10,165,400
Total Income	43,826,363	43,760,000
EXPENDITURE		
Salaries, wages and allowances	19,597,799	22,866,558
General expenditure & bulk purchases	16,111,953	15,235,446
Repairs and maintenance	3,577,965	3,408,171
Capital charges	2,747,891	3,956,982
Contributions to fixed assets	399,255	627,406
Contributions to funds	719,773	485,310
Gross expenditure	43,154,637	46,915,977
Less: Amounts charged out	883,874	3,185,877
Nett expenditure	42,270,763	43,730,000

APPENDIX D

BLUE CRANE ROUTE MUNICIPALITY

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003		2003		2004		2004	
R	R	R	R	R	R	R	R
15 279 511	22 022 286	(6 742 775)	(6 139 222)	20 010 035	25 231 780	(5 221 755)	(5 481 057)
10 384 319	16 523 541	-	-	13 885 364	18 346 421	-	-
2 848 423	535 530	2 646 423	2 684 567	2 684 557	2 684 557	521 243	181 854
91 986	2 063 586	(443 535)	(252 537)	(252 537)	(252 537)	2 550 745	(227 588)
1 811 028	-	(197 737)	2 732 579	88 158	88 158	2 243 821	(1 743 688)
43 443	241 200	(1 865 394)	1 052 523	500 132	500 132	1 711 518	(1 711 518)
600 000	1 652 523	(1 052 523)	(283 131)	6 028 178	6 028 178	4 489 482	1 538 587
3 451 342	3 714 473	(283 131)	(370 846)	-	-	496 548	(496 548)
165 581	370 846	(370 846)	(523 121)	113 598	597 980	(484 081)	(484 081)
660 157	488 982	(523 121)	(2 551 070)	405 874	3 519 853	(3 113 979)	(3 113 979)
-	3 211 237	(2 551 070)	(1 033 336)	-	1 810 986	(1 810 986)	(1 810 986)
584 067	541 803	(1 033 336)	42 284	633 185	529 283	103 882	(94 282)
137 683	213 903	42 284	(76 220)	158 854	252 396	(77 396)	(77 396)
212 610	501 681	(76 220)	(288 441)	274 908	568 580	(291 673)	(291 673)
38 624	1 616 624	(288 441)	(1 678 040)	46 217	1 740 133	(1 684 816)	(1 684 816)
25 384	76 702	(1 678 040)	(51 316)	29 100	90 309	(61 869)	(61 869)
4 090	83 457	(51 316)	(79 367)	2 583	63 850	(81 087)	(81 087)
9 151	784 824	(79 367)	(775 673)	13 554	91 401	(100 448)	(100 448)
-	671 841	(775 673)	(671 841)	-	67 1 473	(57 1 473)	(57 1 473)
4 885 568	3 882 121	(671 841)	874 447	6 059 484	4 145 336	1 324 118	1 324 118
2 493 208	1 886 228	874 447	544 980	3 236 569	2 081 970	1 156 569	1 156 569
2 493 380	1 993 983	544 980	429 467	2 850 885	2 085 986	767 519	767 519
-	228 866	(429 467)	(228 866)	-	-	-	-
-	229 866	(228 866)	-	-	-	-	-
21 185 846	15 384 574	5 800 873	TRADING & SERVICES	23 816 328	17 036 873	6 777 356	
17 456 835	13 423 643	4 053 283	Electricity supply	19 285 545	15 776 508	4 118 637	
3 728 911	1 961 231	1 767 860	Water supply	4 820 783	1 662 065	2 658 718	
36 485 358	37 635 125	(1 170 783)	TOTAL	43 326 363	42 276 763	1 556 600	
			Appropriations for the year :			3 283 880	
			Adjustments i.e. previous years			note 17	
			(11 170 783)	NETT SURPLUS/(DEFICIT) FOR THE YEAR	4 839 260		
			(11 298 585)	Accumulated (deficit) beginning of the year	(12 457 351)		
				ACCUMULATED DEFICIT END OF THE YEAR	(7 628 074)		APPENDIX E

APPENDIX F
STATISTICAL INFORMATION

A)	General Statistics	
(i)	Population	34,357
(ii)	Valuation of taxable property	231,304,375
(iii)	Valuation of non taxable property	38,795,645
(iv)	Date of valuation	2001
(v)	Valuation of residential property	150,021,619
(vi)	Valuation of commercial property	3,223,210
(vii)	Number of residential properties	7,128
(viii)	Number of commercial properties	10
(ix)	Assessment rates: Cents in the rand	0.09305
(x)	Assessment rates: Cents in the rand	1.3294
(xi)	Number of employees	250
B)	Electricity Statistics	
(i)	Units bought/generated	54,778,263
(ii)	Units sold	51,906,802
(iii)	Units lost in distribution	2,871,461
(iv)	Units lost in distribution (%)	5.24%
C)	Water Statistics	
(i)	Units bought/generated	1,247,512
(ii)	Units sold	1,208,230
(iii)	Units lost in distribution	39,282
(iv)	Units lost in distribution (%)	3.15%